

**LAXMI ORGANIC INDUSTRIES LTD**

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August 2, 2025

BSE Limited

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Scrip Code: 543277

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051
Trading Symbol: LXCHEM

Dear Sir / Madam,

Sub: Disclosure under Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), we wish to inform you that the Company participated in the investor conference as given below:

Date and time	Type of Meeting / Event	Location
July 29, 2025, at 14.00 hours onwards	Investor & Analyst Meet to discuss performance for the quarter ended June 30, 2025 hosted by Strategic Growth Advisors	Conference Call through dial-in

No Unpublished Price Sensitive Information was shared / discussed in the meeting with the investors.

Further, please see enclosed the transcript of the Investor Call for Q1FY26.

We request you to take the above on record.

For **Laxmi Organic Industries Limited**

Aniket Hirpara

Company Secretary and Compliance Officer

Encl.: A/a



“Laxmi Organic Industries Limited Q1 FY26 Earnings Conference Call”

July 29, 2025

E&OE - This transcript is edited for factual errors. In case of any discrepancy, the audio recording uploaded on the stock exchange on 29th July 2025 will prevail.



**MANAGEMENT: DR. RAJAN VENKATESH – MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER, LAXMI ORGANIC
INDUSTRIES LIMITED
MR. MAHADEO KARNIK – CHIEF FINANCIAL OFFICER,
LAXMI ORGANIC INDUSTRIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY26 earnings conference call of Laxmi Organic Industries Limited.

As a reminder all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing * then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Tanay Shah. Thank you and over to you, sir.

Tanay Shah: Thank you, Shruti. Good afternoon, everyone. Thank you all for joining us on the Q1 FY26 earnings conference call of Laxmi Organic Industries Limited.

From the Management, we have with us Dr. Rajan Venkatesh – MD & CEO and Mr. Mahadeo Karnik – CFO.

The Company has uploaded its Financial Results and Investor Presentation on their website as well as Stock Exchanges. We hope everyone has had an opportunity to go through the same.

We will begin the call with remarks from the management team, followed by a question-and-answer session.

Before we begin, I would like to point out that this conference call may contain certain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on the date of this call. These statements do not guarantee the future performance of the Company and involves risks and uncertainties that are difficult to predict.

I now handover the call to Dr. Rajan Venkatesh – MD and CEO. Thank you. Over to you, sir.

Rajan Venkatesh: Thank you, Tanay. Namaskaram from my side. Very good morning, good afternoon and good evening depending on where you are dialling in from. Always excited to be engaging with you guys.

So, a range of topics, a part of our Quarter 1 Performance. The topics I would like to cover are first is some of the people topics and people have a very large bearing on the performance of our organization. So that's a very important thing on the top of my mind. The second lens is how the raw materials have evolved as we speak now. The third one is the application or the market industry trends, the way we view it. Then we sort of dig a little more deeper into both our business segments, Essentials and Specialties. I would also like to give you an update on how do we progress with our investment projects. And last but not the least, really leave you with the key focus areas that we as Laxmi are focusing on into this year and also beyond.

So, let's talk about first the people topics:

Mr. Prashant, who was our President of manufacturing. After a wonderful 9-year stint with Laxmi, will be retiring as of middle of August. His successor, we have announced, is Mr. Rajesh Naik. Rajesh brings almost a three-decade experience with him, having worked in companies like Asian Paints, DuPont and his last Company being BASF. So, we are very thankful to Prashant for his years of commitment, and we are really looking forward for Rajesh to come on board and continue Prashant's legacy on the manufacturing front. The other change at a senior leadership level is the role of Procurement, which was very ably managed by Mr. Jitendra, who was the head also and who is the head of our Essentials business.

As all of you know, we have certainly a larger ambition for our Essentials business to double the top line from where we closed out in FY24. So, we felt to really carve out the procurement function and give it even more sharper focus and that's been a key important element for Laxmi, would do us good. I am very happy to share that Dr. Keshav Ruthiya joins us as of 1st of August as the Head of Procurement. He has done his bachelor's from ICT here in Mumbai, his PhD from Netherlands, done a postdoc from the US and having spent about two decades with BASF, all of his experience outside India, he comes back home and is excited to take this opportunity. Again, a big thank you to Prashant and Jiten and a big welcome to Rajesh and Keshav.

Raw materials:

Starting from that lens, I think the key raw materials, as you are aware for us, primarily are acetic acid. Now, just to give you a line of sense, in FY24, average acetic acid prices across the year was around 450. Last year, it was about 400. And we have continued to see, you know, acetic acid prices dip lower. It was then at one-point 380-370 and today, point in time, is around 340 ballpark. So that gives you a line of sense. This is despite the fact that in the interim, because of certain conflicts, where Iran was involved, we saw methanol prices increasing for certain few weeks. We certainly did not see a larger dent on acetic acid.

So, supply side on acetic acid remains long. And I think that is keeping us in good stead. You also saw recently the BIS was lifted on acetic acid because India remains a net importer of acetic acid and the authorities felt that they should not in any way impact producers who are consuming acetic acid. The second other key raw material is ethanol and ethanol prices have also been trending lower.

So, on an average in FY24, it was about 840, in FY25, it was about 720 and now as we speak, it is around 690 to 700 and sort of been stable at that level over the last three quarters. Again, we do not see any major bottleneck in procurement of ethanol. So, two key raw materials, we seem to be, at least from a supply side, to be on a good state. So that is the first lens on raw materials.

Then let us take a deep dive into the market that we serve. So key markets include printing and packaging. There on a quarter-on-quarter basis, we see that demand to be stable.

The second market is pharma. Again, there we continue to see demand to be stable. When it comes to agro, here we continue to notice it remains weak to moderate, certainly not as weak as

what it was. But certainly, in discussion with our customers, we do not see this to be yet rebounding. The conversation of inventory in the system is ebbing away. So that is positive. But there is also now more conversations of margin pressures into the agro value chains.

Then we look at markets like CASE; that is Coatings, Additives, Sealants and Elastomers. Therein specifically in the global markets of North America and Europe, we see demand a little bit more muted as compared to on a quarter-on-quarter basis. That is what we are hearing from a lot of our key customers in those geographies. So that gives you a broad line of sight into certain of the key markets. And I am happy to take your questions if you require more larger insights. As we have shared in the past, we have also expanded our market footprint by entering into personal care with certain of our portfolios and also with the last announced Hitachi, we are also entering into the entire power transmission phase. So that's the market lens.

Then moving further, if you look at closer to home; that is Essentials, the spreads:

The spreads of Essentials, if you remember, our narrative has been it's been in the range of \$140. Average over a 12-year period, the spread has been about \$220. So certainly, it continues to be subdued. We saw in the last quarter, and this is also something we had called out, that there was a propensity for the spreads to further dip below \$140. So, as we speak now, it is in the \$120 range. That is a point in time. So that's where you see this also getting reflected first on the acetic acid, what I called out, that acetic acid prices are subdued. And then obviously, this flows into one of the key products, which is ethyl acetate, which constitutes about 80% of our Essentials basket. That is where also then the spreads for ethyl acetate remain subdued into Quarter 1.

Then when we come into Specialties:

You have seen that there is a degrowth in Specialties and we have also called that out. There are two key topics. One is there is an anticipated phase out of an agro AI. This was anticipated. Why do I call it anticipated? This was expected to happen a few years back. But the business continued and as a result of which, we were able to supply that part of that pie and supply customers manufacturing that. Now, it's very clear that is getting phased out. And that is obviously, then we will have an impact into FY26. Mahadeo in his commentary will give you more colour on the numbers. The other bucket is deferred deliveries of select products to global customers. So, this is on a full year basis, it's a wash, because what we are not able to do in Quarter 1 will certainly manifest in the second half of this financial year. So that's what I would say point in time impacting the Specialty Quarter 1 revenues. Will also certainly have a spillover effect into Quarter 2, but we will rebound and Mahadeo will give more colour on that in his commentary.

Then when we talk about the project update:

Our Lote, the Flouro Intermediate site, that building on all the consistent effort over the past quarter, our ramp up continues. And I think we remain on target to achieve, as we have always called out in FY26, somewhere between 40% to 60% of the peak revenues. So that is what we are very diligently working towards. Also, the Hitachi project which with Hitachi Energy, where

we signed the LOI for an SF6 replacement, that is also taking good shape. And we are at really the cusp and the target is in Quarter 2 of this year. So, in this quarter, we would ideally like to stitch up the contract with Hitachi. So thereafter, we can lay out the capex and accelerate the sales.

Dahej:

Again, a very important part of our capex puzzle. That project remains on track, in scope, on track with regard to budget and on time horizons. So that is also giving us confidence. So somewhere towards the end of Quarter 3, early Quarter 4 is where we will have the mechanical completion and thereafter chemical charging happening for all the key assets at our Dahej facility.

Now, people have asked me also with regard to the potential levers, what could impact margins? I think two key elements come to my mind. Finally, Beijing has signalled that it will intervene in producer price wars. So, expectations are certainly growing for potential capacity moderation in China. But obviously, we will need to see how fast or slow this happens. But certainly, it has caught the attention of Premier Xi Jinping. So, I believe there should be certain elements on shakeout happening on the ground. This is not only linked to chemicals, it is across a range of industries in China. And the ever-present tariff conversations that are happening with US or India with the UK, India with Europe, all of that also has certainly potential to provide opportunities where there could be improvements into margins.

One other element, good call out for our Hitachi Energy LOI that we signed, being very prudent in the way we have now developed, continued the bustle on capex execution. We are happy to share that the Hitachi Energy capex that we will need to install will be accommodated in the INR 1,100 crores CAPEX that we had lined up. So, I think that's a very positive work done by the team and also continues to build confidence in our project execution excellence.

Now, as is always the case in tough times, you start focusing again every day into granularity and our areas of focus at Laxmi, while we have started that, we will be double clicking in productivity, in knowledge aspects, commercial excellence, which is really looking at what can we do better across our range of products. Execution excellence, I think really proof is in the pudding, that projects are coming online in time and within budget. Cost discipline across the board, zero-based budgeting is something we have already started and that is something we will continue as a muscle. And I think last but not the least, the growth projects, which will certainly continue to pivot and continue our profitable growth journey. And one example is the project that we have kick-started in Quarter 1. This is the end-to-end digitization of our supply chain operations. Really, while there is a certain capex payout and you see that in our results also and Mahadeo will call it out, which will span through Quarter 1 and Quarter 2. We certainly are anticipating that once we have rolled this out, this should be a great example how this would advance efficiency and predictability end-to-end, reduce costs and improve our agility to serve our customers. With that, I hand it over to Mahadeo to take you through again the granularity in numbers.

Mahadeo Karnik:

So, thank you, Rajan. I will take you through Quarter 1 numbers:

In Quarter 1, our revenue de-grew by nearly 4% in spite of our volume growth of 8%. The segment growths are like as follows. Essentials grew at 4%. It's led by volume growth of 11% offset by the price decline, which is mainly due to the acetic acid feedstock price declining of nearly 7%.

Now, let's come to Speciality:

Speciality has a decline of 18% and as Rajan called out, there are mainly two factors impacting this. One is anticipated phase-out of a product, which is nearly 9% of our sales of the Speciality product. And the margin profile is in line with the Speciality gross margin profile. So, that's the one thing that has impacted in this quarter. We have plans to offset this, but the plans should come in place by Q4 of this year. So, next two quarters still you will see the impacts coming in the financials. Secondly, there was a deferment of deliveries that was expected, which is nearly 4% of the sales. This has shifted to H2. So, this is not really impacting yearly financials, but it is coming in the quarters only.

So, let me come to the overall P&L:

If you look at the overall cost; overall cost in this quarter is around 1,828 million versus 1,839 million last year. This is in spite of two things. We have spent on the project for digitization of the supply chain nearly 79 million as well as our Lote operations are now full-fledged. The Lote operational cost of nearly 39 million is impacting our financials. And as you can see that we have saved nearly 110 million on our cost to serve, mainly coming from freight and distribution. And there are some forex gains. So, I can tell you is that in these times, we are double counting on our cost optimization measures, productivity improvement measures that will come in the financials clearly out. The one-time expenses of 79 million is specifically on account of the supply chain digitization project.

There are two accounting changes that we have done in this quarter. We have moved to a straight-line method for depreciation accounting from WDV. It is mainly because the economic benefits are in the increasing trend because we are in a capex mode. Secondly, we have moved from an old regime of tax to new regime of tax. That is why as you can see in the note, there is a one-time gain in deferred tax liabilities that we have. That is why the tax impact is positive. So, overall, we have PAT of 214 million which is a 3.1% versus 4.8% of last year.

So, on Q2 specifically, let me call out, we will continue to see performance which is in line with performance of Quarter 1 or better performance. So, that is the guidance that we are giving for next quarter. So, that is it for me. Over to you, Tanay.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rohit Nagaraj from B&K Securities. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and the elaborate presentation. So, first question is in terms of both Essentials and Specialties; from the user segment perspective, where are we seeing more traction and where are we seeing still challenges persist? And what is our expectation in terms of the challenges are persisting? What is the timeline that we feel that things will probably come back to normalcy? Thank you.

Rajan Venkatesh: So, Rohit, I think reflecting on the comment which I just shared, if you look at the key segments again, printing and packaging, that demand continues to be stable. In pharma, we continue to see stability in demand. Now, I am talking quarter-on-quarter basis. Obviously, if you look over a longer period, there will be certain subtle changes, but I am trying to keep it point-in-time lens. I would say agro is where we continue to see that demand certainly was very weak before. It is moderating, but it is certainly not rebounded. That would be our lens. Now, depending on whom you speak to, in what product range they are, you would hear different narratives. But this is the narrative we speak to when we hear it for the product ranges and the customers that we are dealing with on the agro part. And as I also called out what we see, given the consumer sentiment, especially in North America and parts of Europe, being very weak, that's why you saw larger FMCG companies also lowering their forecast. This is also where we see areas like architectural coatings that we continue to see demand being a little more muted. But we believe this is maybe a passing phase, nothing, something structural. Agro is something where we continue to keep a close watch and what you also see as part at an enterprise level of Laxmi, the agro starts to play less than 10% at our enterprise level. So that's where we are, Rohit, hopefully that gives you some line of sight.

Rohit Nagraj: Sure. That's helpful. The second question, again, on the geographical revenue breakup. So, if you look at for this quarter, the Europe contribution has moved up materially on a year-on-year basis at the expense of maybe America. So, are we seeing material traction coming from Europe in terms of the demand being normalizing and normalcy coming back from the purchase perspective? So, just your thoughts on how things are moving or shaping up as far as Europe is concerned.

Rajan Venkatesh: So, Europe, I think as we have all been tracking continues to be going through a large upheaval where a lot of upstream capacity for chemicals and petrochemicals are coming offline. So, you can certainly see pockets where the demand, if it is still existing, needs to be served. And for us as Laxmi, closer to home, we truly believe that there is an opportunity in Europe. We have always been present in that geography with product like ethyl acetate with tank operations. So, we are perceived to be local there. We are going to expand our product portfolio into Europe further in Essentials and also in Specialties. Again, Specialties, we were already entrenched in Europe with key customers. So, that continues to be the case. I think what you see in our lens is more a point-in-time view. As I called out, one of the key elements in the Americas is really looking at the coating segment and where the demand is a little more muted at this point of time. That's why you see a skew. So, that's a point-in-time lens, the geographical split. But I think our focus remains also to serve that opportunity and also grow our presence in Europe strategically with key customers. And I think last but not the least, Rohit, given all the conversations we are

having about tariffs, this is evolving as we speak. And overall, at a Laxmi level, I see this as neutral to positive for us and we will be ready to tap into those opportunities.

Rohit Nagraj: Perfect. Sir, just one last question from my side. In terms of competition from China, has there been any change that we have witnessed during the quarter compared to maybe previous quarter or last year? So, just your broader thoughts on that. Thank you.

Rajan Venkatesh: So, the simple answer to that, I think, linked to Laxmi, no, we have not seen any large change in the competitive landscape where we are serving, from China.

Rohit Nagraj: Thanks a lot, and all the best, sir.

Rajan Venkatesh: Thank you.

Moderator: Thank you. The next question is from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Good afternoon. Sir, as we are targeting 3X EBITDA growth and 2X revenue growth by 2028, can we expect this 15%-20% revenue growth for this year and next year?

Rajan Venkatesh: First and foremost, Saumil, thank you for the question. Let me also break it down. What we said is the key element of our capex spend, about Rs. 800 crores is primarily coming into Dahej, and a big chunk of our Dahej capex will come online. Mechanical completion and chemical charging would happen towards the end of Quarter 3 and ideally into Quarter 4. That's the line of sight. So, you would see that impacting us more positively into FY27 rather than into FY26.

Saumil Shah: And whatever capex we have done, I think even this year we have done some capex, right?

Rajan Venkatesh: So, the midpoint of expenditure of the CAPEX is going on as we speak, but the plants need to be mechanically complete before I can leverage that. And again, the Speciality business, while some of the products we will be ensuring customers' business continuity and producing it across our Mahad and also the Dahej site, but the customers will need to approve us and the same goes to also for certain of our Essentials products. Approval is not as stringent and time-consuming as in Specialities, so mechanical completion, chemical charging, approval process, and then ramp up, that would be the sequence of events. So, that's the line of sight we are having, Saumil.

Saumil Shah: And what is the EBITDA margin on the essential side of the business and on the Speciality for this quarter?

Mahadeo Karnik: So, adjusted EBITDA for this quarter for Essentials is 2% and for Speciality it is 16%.

Saumil Shah: My final question is, what was the total amount we have spent on the Fluoro-chem business, I mean on the capex side?

Rajan Venkatesh: So, we have always stated Rs. 550 crores is the cost to complete.

- Saumil Shah:** Because I think we are guiding for Rs. 200 crores, I think revenue by FY27. So, isn't the asset turn too low? I am sorry, I am new to the Company.
- Rajan Venkatesh:** Saumil, yes, so fair enough. So, we have been very transparent about that. You are correct that the asset turn is low. But, if you look at our previous investor documents, we have been very transparent what have been the levers, which have A, led the cost to complete to increase. But more importantly, I think what is giving us great conviction is the type of contracts we are lining up with Hitachi Energy. And we would have been nowhere in the fray if we did not have this muscle. So, for us, the way forward is building on the platform that we have established in Lote and take this into a much larger trajectory. So, that remains the focus Saumil.
- Saumil Shah:** So, if we want to increase our revenue from say Rs. 200 crores to anywhere between Rs. 500-600 crores, so we do not need any additional capex on Lote plant?
- Rajan Venkatesh:** No, as I called out now specifically, the existing asset that we have established can only give us Rs. 200 crores. The Hitachi Energy project is something we are actually, with the capex prudence that we have maintained over the Rs. 1,100 crores, we are able to accommodate. But beyond that, that would certainly require additional capex. Where we have certain interesting headroom is on the IOU that is Infrastructure and Utilities, because now it becomes a brownfield site, not a greenfield site that will make the whole thing more, I would say there will be a lot more synergies.
- Saumil Shah:** As you said, your majority of the CAPEX will be in the Q3 or Q4 of this year. So, at least can you let us know for FY27, what can be the revenue or EBITDA guidance?
- Rajan Venkatesh:** So, at this point of time, Saumil that is a more detailed question. I think let us follow that off offline. That is what I would request you and then we can give you granularity.
- Saumil Shah:** And for this year, any growth can we expect on the revenue side or are we basically fully utilized?
- Rajan Venkatesh:** No, broadly there is some, you have seen right in the Essentials business, we have grown 11% volume in Quarter 1 on a year-on-year basis. Even on the Speciality part, if you take out those two special effects that we called out structural and deferment, we have also a +10% volume growth. So, I think we continue to max out our assets. We have also an operational excellence in the assets. So, I think we continue to leverage to our strength.
- Saumil Shah:** You are not guiding anything on this one?
- Rajan Venkatesh:** I would appreciate your understanding on this one.
- Saumil Shah:** Thank you and all the best.
- Rajan Venkatesh:** Thank you, Saumil.

Moderator: Thank you. The next question is from the line of Ravi Shah from VRS Capital. Please go ahead.

Ravi Shah: Thanks for the opportunity. I had two questions. Basically, can you provide some colour on how the pricing of ethyl acetate has moved over the past quarter-on-quarter comparison over the past four-five quarters? And I just wanted to get some understanding of the pressure on our spreads. So, progressively, each passing quarter, have we seen any difference? And also, if you could provide some kind of understanding on where do we expect this to move directionally?

Rajan Venkatesh: I think, Ravi, thank you for your interest. So, what we saw in the few quarters, we were seeing spreads in the range of about 140 to 150. Given that the acetic acid and that's an important lens to bear in mind, because there are two levers in a business like Essentials. One is the raw material side; the other is the demand side. So, demand side has been broadly stable and raw material side is where we see continued oversupply. And that's why price is coming under pressure. Because acetic acid is also going into other downstream like vinyl acetate, which has its own supply-demand dynamics. So, the spreads becoming lower is not really driven by the demand side. That's why we are able to grow. You see the volume growth that we are able to deliver. It is really coming from an RM side. And that's why the spreads, which were around 140 to 150, we saw in the last quarter, I would say point in time, we were about 120.

Now, to your question, how would this develop? I think at least looking into this quarter, we are not anticipating any big changes, also on the raw material side or also on the ETAC price side. But as I called out before, two elements which can have larger ramifications across our portfolio. One is this Beijing signalling that it will intervene in producer price wars. We will need to wait and see what ramifications it has. Normally, in the past, this has implied that there have been potential capacity cuts. So, this will then certainly help across the value chain. And also then, depending on how the tariff conversations are going on, say between India-US, India-Europe, the recent concluded India-UK may also provide us certain upside opportunities.

Ravi Shah: Understood. Sir, thank you for the detailed answer. This question basically stems because last year also it has been declining. So, right now, I think we have a favourable base. Am I right?

Rajan Venkatesh: I would say that would be a fair way to view it that this could be maybe for a lack of a better word, while we are continuing to be in the bottom quartile, this could really be the bottom of the bottom quartile. That's the way I would view it.

Ravi Shah: Understood. Sir, one more question. Basically, our essential business has roughly stayed stagnant FY24-FY25 we had done around a Rs. 2,000 crores revenue. So, now, assuming there is no pricing pressure, assuming there is less pricing pressure, do we anticipate to surpass this Rs. 2,000 crores for FY26?

Rajan Venkatesh: So, the first thing you see, the top line price in an essential business, one key driver is raw materials because you have acetic acid and you got ethanol. And as I called out, the acetic acid prices have been on a decline. So, actually to even maintain what we have done would have been difficult if we did not deliver volume growth. And if you remember the previous conversations

in these calls, we have said our operational excellence journey, which we started in FY24, which started delivering results into second half of FY24 and into FY25, where we grew double digit volume in Essentials is what is keeping us afloat. And the new capex that is coming on in this financial year will increase our volume base. And that's the reason how we will move the forward trajectory. Now, again, the Essentials as we have also called out is a cyclic business. Again, to give colour to that, the average spread of ethyl acetate over a 12-year period, if you exclude the COVID peak, is \$220 to \$225 per metric ton. The numbers which I just shared with you are in the range of 140 and currently 120. So, we truly believe there will be a cyclicity into this and we are very-very well prepared with our cost position and with our market positioning.

Ravi Shah: Understood. So, basically, this would mean we would try to maintain our volume growth momentum, which we had previously, right?

Rajan Venkatesh: That's what is also reflected into Quarter 1, that we have grown our Essentials volume base by 11% on a year-on-year basis.

Ravi Shah: Understood. Thank you for the detailed answers and all the best.

Moderator: Thank you. The next question is from the line of Rohan Mehta from Ficom Family Office. Please go ahead.

Rohan Mehta: Thank you so much for the opportunity. So, my first question was, has there been any capacity shutdowns globally when it comes to ethyl acetate or acetic anhydride? That's the first one. And the second is, at a 2% EBITDA margin from the Essentials business, it may look like this is very close to the bottom. So, what would be your perspective on the recovery side, which quarter onwards you feel that spreads can start to recover first?

Rajan Venkatesh: So, Rohan, you had asked multiple questions. So, let me take it piecemeal and jog my memory if I forget something. So, first is, you talked about, have there been any capacities which have gone offline? So, there has been one announced capacity, which is in the Middle East called Sipchem. They announced to mothball their 100,000 tons ethyl acetate plant. So, that's certainly, I think, a more formal announcement we know of. On acetic anhydride, I am not aware of any capacity that has been formally announced that is going offline. But again, like in the Essentials business, different producers are in different parts of the cost curve. So, not all producers would be in a position. So, while we as Laxmi, we believe we are in the top quartile in the cost curve, and hence are operating our assets at full levels, that might not be the same for other producers. So, I hope that gives you one part of your question, Rohan.

With the second part, you are correct in saying that at about 2% of EBITDA margins, maybe we are at the bottom, that's what we also anticipate. The reasons, first and foremost, as I also explained to the previous colleague, this is a cyclic business. We have seen spread, average spreads over the cycle 12 years, excluding COVID of \$220 to \$225 for ethyl acetate. This is excluding COVID peak. So, today point in time, we are about \$120 per metric ton. So, we truly believe this is not sustainable over the next decade. We will certainly see cycles kicking in. At

this level, certainly we believe there might not be too many producers who would like to invest. That's one lens. It will only be the committed producers with clear customer lens who will invest. We are certainly one of them. The other lens is, again, the cycles will need to play out and that's our understanding. So, we are ready to tap into that whenever it happens.

Rohan Mehta: Got it. And just to follow up on that, do you anticipate spreads to go negative first before we see a bounce or you feel that the current market dynamics is such that this is where most likely the bottom could be and we could stay here for a few months before recovery could start?

Rajan Venkatesh: We certainly have not seen in the past also and we have looked over a 12 to 15 year period. We have never seen spreads go into negative territory. I think the worst we have seen spreads going to maybe about \$100 and rebounding from those ranges. So, I would say our prognosis is for spreads to be, at least into Quarter 2. Because Essentials is a business, where you have prices settling daily, just to keep it in perspective. Very different to our Speciality muscle. We have acetic acid prices that settle daily, ethanol prices settling daily. And hence, the way we are also pricing ourselves, we bring in a lot of agility. And hence, first part of your questions, spreads going negative, I don't see that happening. Are we really at the bottom of the bottom? I think we are in that ballpark.

Rohan Mehta: Perfect. Thank you so much.

Moderator: Thank you. Our next question is from the line of Vikram Kotak from Ace Lansdowne Investment Services. Please go ahead.

Vikram Kotak: Thank you for the call. One question has been answered already. Second question is on the capex. So, you have given a breakup of Rs. 1,100 crores is Rs. 750 crores in FY25-26. And Rs. 350 crores in FY26-28. So, can we know what are the capex level as of today ballpark? How much we have completed out of Rs. 750 crores for the current year?

Mahadeo Karnik: So, out of Rs. 750 crores, we are now on our way to exhaust nearly Rs. 680 crores.

Vikram Kotak: And in '26-28, Rs. 350 crores will be spread how broadly ballpark?

Mahadeo Karnik: So, ballpark around, it will be FY27 around Rs. 100 crores.

Rajan Venkatesh: So, I think Vikram, the lens is the midpoint of expenditure of our capex is in FY26. And a big chunk of the Rs. 1,100 crores, that is Rs. 800 crores is really going towards Dahej project. So, like we explained that will take shape this year. Then the remainder is really more, which was baked in in the Rs. 1,100, was about Rs. 50 crores from our Lote project, which was already spent. There were certain things for our innovation campus which was already done. So, I think the way I would request you to look at this is a big chunk Dahej, midpoint of expenditure is this year with mechanical completion, chemical charging happening in Quarter 3, early Quarter 4.

Vikram Kotak: Right, fair point. So, we should expect the things to flow in FY27, right?

- Rajan Venkatesh:** Absolutely. The ramp up happening in FY27. We have obviously ongoing repairs and maintenance and certain capex are in our existing site, but that is a smaller part of the puzzle.
- Vikram Kotak:** Thank you, all the best.
- Rajan Venkatesh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sakshi Pratap from Pratap Securities. Please go ahead.
- Sakshi Pratap:** Thank you for taking my question. So, two questions majorly. Firstly, in the Specialty business, we had clocked almost around Rs. 250 crores in Q1 and Q3 of FY25. Thereafter, I think we saw a decline in the last two quarters. Currently, we are almost at about Rs. 200 to 210 crores. So, can you highlight the reasons that impacted this versus driven by volumes or pricing? So, basically, just wanted some sense over that and also, how do we plan to get back to that range of Rs. 240 to 250 crores per quarter and go from there?
- Mahadeo Karnik:** So, Sakshi, I called it out in my summary itself. Out of 18%, nearly 9% is on account of anticipated phase out of a product. We have a plan to offset it. That plan will realize only in Quarter 4. So, Quarter 2 and Quarter 3, you will see the impact of nearly 9% of the sales. Rest is mainly the deferment to the H2. So, it is just a timing impact. So, it is a quarter impact, but not a full year impact for us.
- Sakshi Pratap:** Understood. Secondly, given where we are in Essentials business cycle and also now with Specialty business under some pressure. So, can you throw some insight on how do you see the full year FY26 in terms of revenue growth, blended EBITDA margins and just to follow up on that, once the Dahej and Mahad capex gets operationalized, what kind of ramp up can we expect in both in FY27?
- Rajan Venkatesh:** Sakshi, one is we really do not give out full year prognosis. So, I would certainly respect your understanding on that. What we can call out is for our Speciality business, given that there is that deferment from Quarter 1, Quarter 2 into second half, our second half for our Speciality business is anticipated to be stronger as compared to our first half. I think that is what we can park. Second lens, which we can certainly share with you is what we also spoke before. In the Essentials lens, given the spreads where we are today and if I take a point in time view also into Quarter 2 because our Essentials business is a very—I would say—evolving and agile business. In Quarter 2, we are also expecting spreads to be at the same point. So, that is the line of sight we have at this point of time, Sakshi. Hope that helps.
- Sakshi Pratap:** That was helpful. Thank you so much and all the best.
- Moderator:** Thank you. Our next question is from the line of Jigar Shah from Elevate Research. Please go ahead.

Jigar Shah: Good afternoon, sir. Thank you for the opportunity. I have just one question. So, we are at about 240 KTPA ethyl acetate capacity already. Please correct me if I am wrong. So, we are in the process of setting up an additional 70 KTPA line now. So, you have spoken about oversupply and capacity shutdown. So, just wanted to get some sense from you on the entire demand supply dynamics and our rationale in starting the capacity.

Rajan Venkatesh: So, Jigar, two elements. When you stated the number of about, 240 KTA capacity, this is our entire Essentials basket. So, this is not only ethyl acetate, it also encompasses acetic anhydride, it encompasses acetaldehyde and also the newer products that we are introducing into our portfolio. That's one clarification. The second lens, I think it's a fair question and we have explained that. So, Jigar, that the 200 TPD, first and foremost, this would be the single largest economy of scale line, I think, in India and also one of the economies of scale lines globally. And so, as Laxmi, when we embarked on our operational excellence journey, our first lens was to say across the lines where we are producing ethyl acetate, what is best in class in our line and how can we make the others to be best in class. And the second ambition is really to be best in class globally. And that is the reason where we have really invested in the new 200 TPD line. So, we are able to leverage both the domestic presence where we already have a market share anywhere up to 40% and also in the international space and we spoke about Europe to one of the callers where we also see opportunities where we can position it. So, that's the way we are looking at this, Jigar. And the last thing I would like to park with you is like in every Essentials business, all producers are in different parts of the cost curve. And for us as Laxmi, the ambition has always been to be in the top quartile and hence you see that in our numbers that we are able to run our assets full, we are able to grow our volumes actually on a quarter-on-quarter basis. That's the way we are steering this part of the business.

Jigar Shah: Thank you for the answering the questions.

Rajan Venkatesh: Thank you, Jigar.

Moderator: Thank you. The next question is from the line of Chetan Doshi from TM Financial. Please go ahead.

Chetan Doshi: Thank you for giving me the opportunity. My first question is that in the slide, in the Specialities you mentioned, we are the only supplier for electrochemical fluorination products in India. So, I would like to know what is the size of the market, what products we are manufacturing and what is the current volume or sales if you can share that? And second question is regarding solvents, industrial solvents is a very big market, what we are catering to as far as solvents is concerned?

Rajan Venkatesh: Sorry, Chetan. Can you just come back on your second part of the question, please?

Chetan Doshi: Yes. Second question is that we are into industrial solvents also. So, which market we are at present catering to because solvents is a very huge potential market as far as industrial applications is concerned.

- Rajan Venkatesh:** Okay. All right, Chetan. Got the two questions. So, let me start with the first one, the fluorination. The first and foremost, the fluorination world, I will take it at a macro level, is a \$25 billion space. Now, with the technology that we have established here in India, we basically are looking at targeting about a \$2.5 billion strategic relevant market. So, what we have now established is a small part of the larger vision we have and that is what we are building into and electrochemical fluorination is a technology platform which enables us to tackle that opportunity. That's the first part. I hope I have clarified it.
- Chetan Doshi:** Sorry to interrupt but will we be catering to battery because one of the products goes into batteries in a very huge way. So, are we into that product?
- Rajan Venkatesh:** No. I think, Chetan, one needs to dissect the large world of fluorination. So, you have got the Fluoro-surfactants, you have got the refrigerant gases in that world. Those are not segments where we are focusing on. We are focusing what we say is on Fluoro-specialties or Fluoro-intermediates that goes into obviously agro, pharma, it goes into other coating applications and also with the LOI that we have signed with Hitachi, we are entering the space of power generation. So, those are the lenses that we are focusing on with our fluorination platform, Chetan.
- So, your second part of the question is more industrial solvents. There, we have products in our portfolio like ethyl acetate, which we have been talking so intensively about. That primarily goes into the area of printing and packaging and into the pharma. It has smaller applications into agro, flavours and fragrances, but that's the range which we are tackling with our Essentials portfolio. We are also introducing newer products in that portfolio which serve existing segments and also newer segments. Hope that helps.
- Chetan Doshi:** We are not into industrial cleaning, am I right?
- Rajan Venkatesh:** No, we are not into industrial cleaning.
- Chetan Doshi:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Saumil Shah from Paras Investments. Please go ahead.
- Saumil Shah:** Thanks for allowing me a follow-up. So, in our presentation, we have mentioned that we have changed our depreciation policy and because of that, our depreciation is around Rs. 17 crores for this quarter. So, for the remaining quarter, can we expect similar depreciation because it can reduce our, last year our depreciation was very high. So, can we get some numbers on the depreciation part?
- Mahadeo Karnik:** So, we can share with you one-on-one. But if you look at the change of depreciation method, there is a note for the quarter that we have already called out. The impact for the quarter is nearly Rs. 24 crores.

- Saumil Shah:** So, it will continue for the remaining quarter as well, right?
- Mahadeo Karnik:** That you can deduce. Yes, but only thing is that it will be offset by the capitalization of Dahej when it comes.
- Saumil Shah:** Right, understood. That is it from my side. Thank you.
- Rajan Venkatesh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Dikshant Gupta from GeoJit PMS. Please go ahead.
- Dikshant Gupta:** Good afternoon, sir. My question would be, would it be possible for you to give out more details about the eco-efficient gas that you have mentioned in the presentation?
- Rajan Venkatesh:** This is the SF6, what details would you need?
- Dikshant Gupta:** What exactly, like why have you entered this segment and what is the potential here?
- Rajan Venkatesh:** Understood. So, Dikshant, I guess you were not there in the last call. So, we gave the clarification. So, again, the thesis is very simple. We have entered; we are one of the newer kids in the fluorination platform. We entered this platform by the acquisition of a reputed player in Italy called Miteni. And as I was explaining to the previous caller, we are very clear what is the space that we are playing into. And one of the technology platforms that we have is the electrochemical fluorination. And that is where the customer here, specifically Hitachi Energy, had approached us. And we were able to come up with the technology for producing of this SF6 replacement in-house. And that is how the relationship has been built up. So, as we stand now, LOI is signed and we are working very diligently to get up the contract signed up and get into a capex mode. We find this a very interesting opportunity because it supports Hitachi Energy's larger ambition to move away from SF6 in their global power grids. And that is what excites us to support them in that journey.
- Dikshant Gupta:** Thank you. That was it.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand over the conference to the Management for the closing comments. Thank you and over to you, sir.
- Rajan Venkatesh:** Thank you all again for your interest. So, let me just provide you my reflections of Quarter 1, apart from the larger conversation we just had. The global chemical industry has been marked by continued efforts towards cost optimization; rerouting of supply chain linked to evolving tariffs and regional conflicts and a strong push towards innovation. Regional dynamics continue to play a crucial role in shaping the industry's trajectory.

Coming closer to home; acetic acid prices remain bearish. The spread for ethyl acetate continues to be subdued. That notwithstanding, we have sustained our volume growth momentum and in line with our strategy, continue the diversification into newer products. In this current backdrop, our primary focus for the Essentials segment remains achieving volume driven profitable growth. While maintaining our market share in the Speciality segments during the quarter, we face impacts on account of, (i) anticipated phase out of one agrochemical product for which we supplied the intermediate - this is to be offset with a mapped product by Q4 FY26. And second, deferred deliveries to global customers, which will now happen in the second half of FY26. The Flouro Intermediates operation at our Lote facilities are ramping up well, and we remain on track to deliver revenues as previously outlined, 40% to 60% of peak revenues.

At the upcoming Dahej site, the project remains on schedule in terms of timelines, scope and cost. We anticipate concluding the contract with Hitachi Energy to set up the production of an eco-efficient gas used in their SF6-free high-voltage switchgear portfolio in Quarter 2 FY26. Building on our execution excellence, we can accommodate this capex for the same in the previously announced INR 11,000 million.

Given the current operational backdrop; we will continue our focus on productivity, commercial excellence, execution excellence, cost discipline and growth project. The end-to-end digitization of our supply chain operations, which has been started in Quarter 1 of FY26, is one such example that should advance efficiency and predictability, reduce costs and improve agility to serve our customers.

As team Laxmi, we remained geared to win and geared for growth as we work diligently towards our plans for FY28. I would like to express my deep appreciation to the entire Laxmi Organic team and all stakeholders for all their understanding and support as we navigate the current times. Thank you.

Moderator:

Thank you. On behalf of Laxmi Organic Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.